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COLUMBIA, SOUTH CAROLINA

May 16, 2008

VIA ELECTRONIC FILING

Mr. Charles Terreni
Chief Clerk of the Commission
Public Service Commission of South Carolina
Synergy Business Park, Saluda Building
101 Executive Center Drive
Columbia, South Carolina 29210
Public Service Commission of South Carolina

Bonnie D. Shealy

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**Re: Public Communications Services, Inc.
Docket No. 2008-135-C
Our File No. 30466-0001**

Dear Mr. Terreni:

Enclosed for filing please find the Testimony of Rudy Zaragoza on behalf of Public Communications Services, Inc. The company does not intend to use telemarketing in South Carolina; therefore, no sample scripts are included. By copy of this letter we are serving a copy of same on the interested parties.

If you have any questions, please have someone on your staff contact me.

Very truly yours,

ROBINSON, MCFADDEN & MOORE, P.C.

Bonnie D. Shealy

BDS/tch

Enclosures

cc: Shealy Boland Reibold, Esquire (via email & US Mail)
Ms. Monique Byrnes (via email)
Ms. Mia Griffin (via US Mail)
Mr. Rudy Zaragoza (via US Mail)

STATE OF SOUTH CAROLINA

Application of

Public Communications Services, Inc.

for a Certificate of Public Convenience and Necessity
to Provide Intrastate Telecommunications Services
and for Alternative Regulation within the State of
South Carolina

BEFORE THE
PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA

COVER SHEET

DOCKET
NUMBER: 2008-135-C

(Please type or print)

Submitted by: Bonnie D. ShealySC Bar Number: 11125Address: Robinson, McFadden & Moore, P.C.
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NOTE: The cover sheet and information contained herein neither replaces nor supplements the filing and service of pleadings or other papers as required by law. This form is required for use by the Public Service Commission of South Carolina for the purpose of docketing and must be filled out completely.

DOCKETING INFORMATION (Check all that apply)☐ Emergency Relief demanded in petition ☐ Request for item to be placed on Commission's Agenda expeditiously☒ Other: _____

INDUSTRY (Check one)	NATURE OF ACTION (Check all that apply)			
<input type="checkbox"/> Electric	<input type="checkbox"/> Affidavit	<input type="checkbox"/> Letter	<input type="checkbox"/> Request	
<input type="checkbox"/> Electric/Gas	<input type="checkbox"/> Agreement	<input type="checkbox"/> Memorandum	<input type="checkbox"/> Request for Certificatio	
<input type="checkbox"/> Electric/Telecommunications	<input type="checkbox"/> Answer	<input type="checkbox"/> Motion	<input type="checkbox"/> Request for Investigatio	
<input type="checkbox"/> Electric/Water	<input type="checkbox"/> Appellate Review	<input type="checkbox"/> Objection	<input type="checkbox"/> Resale Agreement	
<input type="checkbox"/> Electric/Water/Telecom.	<input type="checkbox"/> Application	<input type="checkbox"/> Petition	<input type="checkbox"/> Resale Amendment	
<input type="checkbox"/> Electric/Water/Sewer	<input type="checkbox"/> Brief	<input type="checkbox"/> Petition for Reconsideration	<input type="checkbox"/> Reservation Letter	
<input type="checkbox"/> Gas	<input type="checkbox"/> Certificate	<input type="checkbox"/> Petition for Rulemaking	<input type="checkbox"/> Response	
<input type="checkbox"/> Railroad	<input type="checkbox"/> Comments	<input type="checkbox"/> Petition for Rule to Show Cause	<input type="checkbox"/> Response to Discovery	
<input type="checkbox"/> Sewer	<input type="checkbox"/> Complaint	<input type="checkbox"/> Petition to Intervene	<input type="checkbox"/> Return to Petition	
<input checked="" type="checkbox"/> Telecommunications	<input type="checkbox"/> Consent Order	<input type="checkbox"/> Petition to Intervene Out of Time	<input type="checkbox"/> Stipulation	
<input type="checkbox"/> Transportation	<input type="checkbox"/> Discovery	<input checked="" type="checkbox"/> Prefiled Testimony	<input type="checkbox"/> Subpoena	
<input type="checkbox"/> Water	<input type="checkbox"/> Exhibit	<input type="checkbox"/> Promotion	<input type="checkbox"/> Tariff	
<input type="checkbox"/> Water/Sewer	<input type="checkbox"/> Expedited Consideration	<input type="checkbox"/> Proposed Order	<input type="checkbox"/> Other:	
<input type="checkbox"/> Administrative Matter	<input type="checkbox"/> Interconnection Agreement	<input type="checkbox"/> Protest		
<input type="checkbox"/> Other:	<input type="checkbox"/> Interconnection Amendment	<input type="checkbox"/> Publisher's Affidavit		
	<input type="checkbox"/> Late-Filed Exhibit	<input type="checkbox"/> Report		

**BEFORE THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA**

In the Matter of the Application of)
Public Communications Services, Inc.)
for a Certificate of Public)
Convenience and Necessity to Provide)
Intrastate Resold Telecommunications)
Services and for Alternative Regulation)
Within the State of South Carolina)

Docket No. 2008-135-C

PUBLIC COMMUNICATIONS SERVICES, INC.

TESTIMONY OF RUDY ZARAGOZA

1 **Q. Will you please state your name and business address.**

2 A. My name is Rudy Zaragoza. My business address is 11859 Wilshire Boulevard, Suite 600,
3 Los Angeles, CA 90025.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am Vice President, Sales and Marketing, for Public Communications Services, Inc.
6 ("PCS").

7 **Q. Please give a brief description of your background and experience.**

8 A. I joined PCS in 2006 and am responsible for developing, delivering and implementing
9 strategic sales and marketing plans for the company. I have more than twenty-five years of
10 experience in wholesale, enterprise and retail marketing, product management, sales
11 management, business development and strategic planning in the telecommunications
12 industry. Prior to joining PCS, I was managing partner of Options Communications Group, a
13 private telecommunications consulting company, where I managed the client and service
14 contact process. I began my telecommunications career in operator services with AT&T and
15 have worked in management and officer-level positions at Univance Telecommunications,
16 Inc., UB Telecom, Inc., Level 3 Communications, Electric Lightwave, Inc. and Pacific Bell.

17 **Q. What is the purpose of your testimony?**

18 A. The purpose of my testimony is to present evidence on the financial, technical and
19 managerial abilities of PCS to provide automated collect calling services to inmates of
20 confinement institutions throughout the State of South Carolina, and to describe the service
21 PCS proposes to offer.

22 **Q. Has PCS registered to do business in South Carolina?**

23 A. Yes. PCS is registered in South Carolina as a foreign corporation. Our authority to conduct
24 business in South Carolina is attached to our application in Exhibit II.

1 **Q. Please explain the Company's corporate structure.**

2 A. Public Communications Services, Inc. is a privately held S Corporation incorporated
3 in the State of California on January 27, 1997. Our tax ID is 95-4615444.

4 **Q. Please describe the authority that PCS seeks by its application.**

5 A. PCS seeks authority to provide automated collect (postpaid and prepaid) intrstate
6 telecommunications services and debit services to inmates of prisons, jails, and other
7 confinement institutions.

8 **Q. Please describe the services PCS proposes to offer.**

9 A. Public Communications Services, Inc. proposes to provide automated operator assisted
10 calling services to inmates of confinement institutions throughout the state, via the resold
11 services of authorized carriers. All services will be offered twenty-four (24) hours per day,
12 seven (7) days a week. PCS will provide correctional and confinement institutions with
13 sophisticated premises equipment that permits inmates to make outgoing, collect and prepaid
14 calls without the assistance of a live operator. PCS systems provide a number of controls and
15 restrictions that serve to reduce or eliminate fraudulent use of telephone systems. These
16 restrictions also provide the correctional institution with increased control over the use of the
17 telecommunications services by inmates confined within. PCS system and services allow
18 inmates to remain in contact with family, friends and other associates while still providing
19 facility administrators with the necessary control over inmate communications.

20 Automated collect-only calls may be placed by inmates within the confinement facility.

21 These calls are routed over the facilities of the local exchange carrier serving the confinement
22 facility and PCS' underlying carrier. Equipment utilized by PCS requires a positive response
23 from the called party before the connection is established and billing can begin so that only
24 those called parties who specifically accept the charges for a call.

1 In addition to call processing, PCS systems offer restrictive call blocking and screening.
2 These features provide the correctional facility with the maximum degree of control over
3 telecommunications services and help to minimize fraud. Call blocking prevents calls to
4 directory assistance, "0-", 800 numbers, pay-per-call services, and emergency numbers
5 (including 911) in order to reduce prank calls and fraudulent use of long distance services.
6 Access to other interexchange carriers is also denied. Call screening serves to eliminate
7 harassing or threatening calls to individuals such as judges, sheriffs, witnesses or jury
8 members. These two features also allow the institution to enforce telephone curfews
9 (without manual intervention) by pre-setting the hours during which the system will process
10 calls from a given telephone instrument.

11 **Q. Is PCS aware of the Commission's bond requirement?**

12 A. Yes. PCS is aware that the company will be required to post a \$5,000.00 bond with the
13 Commission prior to offering pre-paid services in South Carolina.

14 **Q. Does PCS own any network switches or transmission facilities used in routing calls?**

15 A. No.

16 **Q. As a reseller, who will PCS contract with for underlying carrier facilities?**

17 A. A combination of AT&T, Sprint and Qwest.

18 **Q. How will PCS bill for its services?**

19 A. PCS services are billed on the called party's local exchange carrier under billing and
20 collection agreements between PCS and billing clearinghouse services organizations. PCS
21 also has several prepaid service options available.

22 **Q. How are billing errors, complaints and trouble reports handled?**

23 A. For billing inquiries, customers are initially directed to PCS' billing agent whose toll-free
24 number is printed on each customer bill. The billing agent is authorized to investigate

1 complaints and adjust customer bills within certain parameters set by PCS. Should an
2 inquiry exceed the authority delegated to PCS, the customer is referred to PCS' in-house
3 Customer Service Department for further assistance. PCS utilizes a nationwide toll-free
4 number 888-288-9879 for customer service. Customers may call that number twenty-four
5 (24) hours a day seven (7) days a week.

6 **Q. Where is PCS currently certificated?**

7 A. PCS is certified, registered, or otherwise authorized to provide automated operator assisted
8 calling services to inmates in correctional institutions in 40 states. PCS is currently
9 providing those services pursuant to contract in one or more facilities located in 21 states.
10 PCS has not been denied authority in any state.

11 **Q. Describe PCS' financial ability to operate as a telecommunications reseller.**

12 A. PCS has prepared financial statements to show it has the financial resources to operate
13 successfully as a telecommunications reseller to consumers in South Carolina. The
14 Company's financial statements were submitted under seal as Exhibit IV of its Application
15 and incorporated herein by reference. The Company's financial statements clearly
16 demonstrate PCS's ability to support its operations and serve the public in South Carolina. At
17 the time of the hearing, if necessary, I will provide further testimony to support PCS's
18 financial ability to provide the services outlined in the application.

19 **Q. Do you believe PCS is capable of delivering its proposed services in South Carolina?**

20 A. Yes, in addition to having sufficient financial resources, PCS has a team of experienced
21 managers. Brief resumes of key personnel are included in the Company's Application as
22 Exhibit III.

23 **Q. Where in South Carolina does PCS intend to offer its services and how will those**
24 **services be offered?**

1 A. PCS intends to offer its service throughout the entire State of South Carolina. PCS will offer
2 its inmate calling services pursuant to contract with South Carolina correctional facilities.
3 PCS will not have presubscribed customers, and does not engage in telemarketing practices
4 in any state.

5 **Q. How will South Carolina consumers benefit from PCS' services?**

6 A. Certification of PCS will increase the level of long distance competition in South Carolina.
7 PCS offers quality operator assisted telecommunication services originating from
8 correctional facilities for communications originating and terminating within the State of
9 South Carolina at competitive prices.

10 **Q. Has PCS requested alternative regulation of its long distance service?**

11 A. Yes. PCS requests that the Commission regulate these services in accordance with the
12 principles and procedures established for alternative regulation in Orders Nos. 95-1734 and
13 96-55 in Docket No. 95-661-C which was approved for AT&T and other similarly situated
14 companies. It is our understanding that maximum rates would be eliminated for these
15 services. We understand that the alternative regulation orders were modified by Order No.
16 2001-997 in Docket No. 2000-407-C so that rate caps for operator-assisted calls where a
17 consumer uses a local exchange carrier's calling card to complete calls from locations which
18 have not selected that local exchange carrier as their toll provider. In addition, tariff filings
19 are presumed valid upon filing, subject to the Commission's right within seven days to begin
20 an investigation.

21 **Q. Why is the company seeking exemptions from USOA and maintaining records in South**
22 **Carolina, and certain reporting requirements?**

23 A. PCS seeks an exemption from any regulations or policies that might require a carrier to
24 maintain its financial records in conformance with USOA. As a competitive carrier, PCS

1 maintains its books in accordance with GAAP; and therefore, does not possess the detailed
2 cost data required by USOA.

3 PCS also specifically requests a waiver of the requirements of 26 S.C. Reg. 103-610 that a
4 carrier keep all records required by the Commission's rules and regulations within the State
5 of South Carolina. Since the company's corporate offices are in California, maintaining its
6 books and records in South Carolina would be unduly burdensome. PCS will have a
7 registered agent in South Carolina and will bear any costs associated with the Commission's
8 inspection of its books and records.

9 **Q. Does this conclude your testimony?**

10 **A. Yes.**

**BEFORE
THE PUBLIC SERVICE COMMISSION
OF SOUTH CAROLINA
DOCKET NO. 2008-135-C**

In Re:

Public Communications Services,
Inc. Application for a Certificate of
Public Convenience and Necessity
to Provide Intrastate Resold
Telecommunications Services and
for Alternative Regulation Within
the State of South Carolina

CERTIFICATE OF SERVICE

This is to certify that I, Leslie L. Allen, a legal assistant with the law firm of Robinson, McFadden & Moore, P.C., have this day caused to be served upon the person(s) named below the **Testimony of Rudy Zaragoza** in the foregoing matter by placing a copy of same in the United States Mail, postage prepaid, in an envelope addressed as follows:

Shealy Boland Reibold, Esquire
Office of Regulatory Staff
1441 Main Street, Suite 300
Columbia, South Carolina 29201

Dated at Columbia, South Carolina this 16th day of May, 2008.



Leslie L. Allen